

COURT FILE NUMBER

1103-18646

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

APPLICANTS

IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c.C-36, AS  
AMENDED



AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGMENT OF ARMAC INVESTMENTS LTD.  
(AB), LAKE EDEN PROJECTS INC. (AB), 1204583  
ALBERTA INC. (AB), 1317517 ALBERTA INC. (AB),  
WESTRIDGE PARK LODGE DEVELOPMENT CORP  
(AB), and WESTRIDGE PARK LODGE AND GOLF  
RESORT LTD. (AB), NO. 50 CORPORATE VENTURES LTD.  
(BC), FISHPATH RESORTS CORPORATION (BC),  
ARMAC INVESTMENT LTD. (BC), OSTROM ESTATES  
LTD. (BC), HAWKEYE MARINE GROUP LTD. (BC),  
JUBILEE MOUNTAIN HOLDINGS LTD. (BC), GIANT  
MOUNTAIN PROPERTIES LTD. (BC), and CHERRY  
BLOSSOM PARK DEVELOPMENT CORP (BC)  
(collectively, the "Purdy Group" or the "Applicants")

DOCUMENT

**FIFTEENTH REPORT OF THE MONITOR**

**SEPTEMBER 3, 2013**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

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## **INTRODUCTION**

1. On December 1, 2011, the Purdy Group sought and obtained protection from its creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985, c.C-36, as amended (the "CCAA") pursuant to an order of the Court of Queen's Bench of Alberta ("Court") (the "Initial Order").
2. Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed monitor of the Purdy Group (the "Monitor").
3. The purpose of this fifteenth report of the Monitor (the "Fifteenth Report" or this "Report") is to provide the Court with an update in respect of the following:
  - a) operational and restructuring activities since the thirteenth report of the Monitor (the "Thirteenth Report");
  - b) the actual to forecast cash flow results for the period from July 13, 2013 to August 23, 2013 (the "Reporting Period");
  - c) the sale of the non-core assets (defined below) by the Monitor on behalf of the Applicants;
  - d) the request by the Monitor to sell the Ocean Front property on behalf of the Applicants;
  - e) regulatory filing requirements; and
  - f) the Monitor's recommendations.
4. Capitalized terms not defined in this Fifteenth Report are as defined in the Initial Order, the First Report, the Second Report, the Third Report, the Fourth Report, the Fifth Report, the Sixth Report, the Seventh Report, the Eighth Report, the Ninth Report, the Tenth Report, the Eleventh Report, the Twelfth Report, the Thirteenth Report, the Fourteenth Report, the Claims Procedure Order and the Dispute Procedural Order.

5. The style of cause has either an (AB) or (BC) after each of the corporate Applicant company names. The Monitor understands this was done to indicate in which province the corporate applicants are located, and that those letters do not form a part of the legal name of the company. There are two different corporate entities with the name Armac Investments Ltd, one is a British Columbia ("B.C.") corporation and the other is an Alberta corporation ("AB").
6. All references to dollars are in Canadian currency unless otherwise noted.

#### **TERMS OF REFERENCE**

7. In preparing this Fifteenth Report, the Monitor has relied upon unaudited financial information, company records and discussions with management of the Purdy Group. The Monitor has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants ("CICA") Handbook has not been performed. Future oriented financial information relied upon in this Report is based on management's assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

#### **BACKGROUND**

8. The Purdy Group is a group of privately-held companies engaged in the business of property acquisition, development and sale in the provinces of Alberta and British Columbia, as well as the management of operating businesses on the lands. The primary assets are geographically located mainly on the West Coast of Vancouver Island, British Columbia and in or around Edmonton, Alberta.
9. The Purdy Group entities are owned 100% by its sole owner, director and officer, Mr. John (Jack) Kenneth Purdy ("Jack Purdy"), either directly or through holding companies, legally and beneficially. Jack Purdy is operating under the proposal provisions of the BIA and has presented a proposal to his creditors. Alvarez and Marsal Canada Inc. is also the Proposal Trustee. The meeting of creditors to

consider the proposal was held on June 22, 2012 and the meeting was adjourned to October 9, 2012. At that meeting, the creditors voted to further adjourn the meeting to January 25, 2013 at the same time and place and at this meeting the creditors again adjourned the meeting for further investigation into the affairs of Jack Purdy to February 20, 2013 at 10:00 am at the offices Dentons Canada LLP (“Dentons”), formerly Fraser Milner Casgrain LLP. The February 20, 2013 meeting was further adjourned until May 16, 2013 at 4:00 pm at the offices of Dentons. The May 16, 2013 meeting was adjourned to within ten days of the next stay extension expiry of July 26, 2013. The July 26, 2013 meeting was then adjourned to within ten days of the next stay extension expiry October 25, 2013 at 10:00 am at the offices of Dentons.

10. Further background to the Purdy Group and its operations and description of the Purdy Group properties are contained in the materials filed relating to the Initial Order including the various affidavits of Jack Purdy and in the previous fourteen reports of the Monitor. These documents, together with other information regarding this CCAA proceeding, have been posted by the Monitor on its website at: [www.amcanadadocs.com/purdy](http://www.amcanadadocs.com/purdy).

## **OPERATIONAL UPDATE**

***Fishpath Resorts Corporation (“Fishpath Resort”) & Armac Investments Ltd. (BC) (“Armac BC”) (collectively, the “Hawkeye Group Properties”)***

### **LBVR Agreement**

11. As previously reported, on September 17, 2012 (the “Effective Date”), LBVR took over management responsibility for the Hawkeye Group Properties. The assets of the Hawkeye Group Properties consist of three properties in Port Alberni, B.C. and 16 properties in Bamfield, B.C. (as are fully described in Schedule A to the Management Agreement, included as an appendix to the Seventh Report).

12. Since the Thirteenth Report, LBVR was advanced a further \$82,000 by the Applicants (the "Advance"), which together with previous advances aggregates to a total advance since the Effective Date of \$810,000 (the "Set Aside Funds"). The Monitor was advised that this advance was funded by the Applicants receiving a portion of the sale proceeds from the purchaser of the three properties owned by Armac BC, Giant Mountain properties Ltd. ("Giant") and Jubilee Mountain Holdings Ltd. ("Jubilee") (collectively, the "Giant Mine Properties") located on Giant Mine Road, in Invermere, British Columbia (the "Giant Mine Loan"). There are no further funds in the Monitor's trust account reserved for LBVR pursuant to the Management Agreement.
13. Any operating costs, LBVR management fees and property taxes for the Hawkeye Group Properties must be funded from its operations and any surplus cash flow will be utilized by LBVR for further capital improvements. Accordingly, no receipts and disbursements respecting the Hawkeye Group Properties are included in the actual to forecast cash flows attached as Appendix A.
14. To date, the monies advanced to LBVR continue to be utilized to fund operating costs, LBVR management fees, acquire fuel and store inventory and to improve the operations and the infrastructure of the Hawkeye Group Properties. A cash flow has been provided by LBVR to the Monitor to July 31, 2013, which cash flow is summarized in Appendix B to this Report.
15. There are outstanding property taxes on the Hawkeye Group Properties managed by LBVR of approximately \$140,000 (2013 property tax of \$120,000 and prior arrears of \$20,000) and the Monitor has been advised by the Applicants that payment of the property taxes will be made through the refinancing the Applicants are seeking to sponsor a plan to their creditors.

***Half Moon Lake Resort Ltd. ("Half Moon")***

16. The Applicants forecast that Half Moon would sell in the Reporting Period, two lots totalling approximately \$100,000. The Applicants advise these lot sales were not completed in the Reporting Period, but continue their efforts to sell lots.
17. The 2013 property taxes of approximately \$40,000 remain outstanding and the Monitor has been advised by the Applicants that payment of the property taxes will be made through the refinancing the Applicants are seeking to sponsor a plan to its creditors.

**RESTRUCTURING UPDATE**

***Status of Plan of Arrangement***

18. On July 26, 2013 the Court granted an extension of the stay to October 25, 2013. The Court also directed that the Applicants file in person with the Court a draft formal plan ("Draft Plan") on a confidential sealed basis and required the Monitor to provide a status report on the restructuring process on September 6, 2013.
19. As discussed in the Thirteenth Report, the Applicants agreed that they would, with the assistance of the Monitor, prepare a draft of the Plan for CRA and Axxess by no later than September 6, 2013. Axxess and CRA committed to communicate their respective positions to the Applicants and the Monitor no later than October 25, 2013, the date for the next extension of the stay.
20. The Monitor has been assisting the Applicants in preparing the Draft Plan and the Monitor is awaiting further and final comments from the Applicants and their counsel on the Draft Plan. The Applicants counsel advises that the Draft Plan will be presented to the Court and circulated to CRA and Axxess on September 6, 2013. It was agreed that CRA and Axxess, the two most significant creditors would receive the Draft Plan by September 6, 2013 to allow them to consider whether they would support circulation of a formal plan to creditors generally.

## ***Update on Outstanding Restructuring Matters***

### **Litigation with The County of Strathcona**

21. As reported in the Thirteenth Report, Justice Burrows rendered a decision on July 18, 2013 which ordered that Half Moon was entitled to enter into new leases with a term of 35 years commencing on the day each new lease was granted. Justice Burrows also decided that options to renew were not to be allowed as part of the lease terms. The formal order documenting the decision has not been agreed to between the parties and filed with the Court and accordingly the appeal period continues to run. Therefore it is still uncertain whether the County of Strathcona will appeal the order ultimately taken out with respect to the decision.

### **New Financing to Implement the Plan**

22. The Applicants are working with two prospective parties to obtain the necessary financing required under the terms of the Draft Plan. No financing has been arranged to date.

### **Interim Financing**

23. As discussed in the Sixth Report, the Purdy Group arranged for Axxess Capital Partners Inc. ("Axxess") to provide Armac Investments Ltd. (BC), ("Armac BC), Ostrom Estates Ltd. ("Ostroms") and Fishpath Resorts Corporation (BC) (the "Borrowers") with an interim financing credit facility (the "Axxess Loan") of \$2.15 million to be used by the Purdy Group for its restructuring purposes. A Collateral First Mortgage was granted as security over certain properties (listed in the in Schedule A to the Axxess Loan). The security ranks in priority to all debts of the Borrowers, including any deemed trusts of any crown, but is subordinate to the Administration Charge and any interest, claims, charges or encumbrances that are in priority to the Administration Charge.



24. The Axxess Loan has a term of 18 months and required a 12 month interest reserve of \$252,625 to be held in trust by the Axxess and to be utilized to pay monthly interest.
25. The date of issue of the Axxess Loan was September 7, 2013 (the "Issue Date") with an 18-month maturity date from the Issue Date. The interest reserve will be depleted on September 7, 2013 and if interest is not paid on October 7, 2013 the Applicants will be in default under the Axxess Loan. The Monitor understands that the Applicants are currently discussing the ongoing payment of interest of approximately \$21,000 a month on the Axxess Loan with Axxess as the Applicants do not have sufficient funds to pay the ongoing monthly interest.

#### Professional Fees and Administration Charge

26. As discussed in the Thirteenth Report, on July 26, 2013 the Court granted an order to increase the Administration Charge from \$625,000 to \$800,000.
27. The Applicants previously indicated that they were committed to bringing the CCAA professionals' fees, have the required funds for its operations through the off season and to pay interest on the Interim Financing through the sale of the Non Core For Sale Properties and the Half Moon lots.
28. Current outstanding and unpaid professional fees are approximately \$630,000. Since the Thirteenth Report there have been no sales of Half Moon lots the proceeds of which were to be utilized to fund professional fees. The Monitor will accept (subject to Court approval) at least one and possibly two offers for the purchase of Non-Core For Sale Properties. This would result (again subject to Court approval) in the sale of one or two Non-Core For Sale Properties. Notwithstanding any anticipated sale of Non-Core For Sale Properties there will be a significant deficiency in available cash to pay the outstanding professional fees as well as other upcoming operational and interest costs, thus requiring the Applicants to obtain other sources of cash for their restructuring purposes (including payment of professional fees).

### ***Alberta Properties in Foreclosure***

29. As discussed in prior reports, the remaining Alberta property which had been in foreclosure since the commencement of the CCAA proceedings is the property at 15625 Stony Plain Road (the “Stony Plain Property”).
30. The Stony Plain Property continues to be listed for sale with Trikon Properties. An offer was received to purchase this property on August 8, 2013 and the Monitor understands that it was not accepted by the Applicant. It is unlikely there will be any equity over the first mortgage on this property. The Monitor has been advised by the Applicants that Axxess may still take the property through completion of its foreclosure proceeding commenced prior to the CCAA proceedings.

### **NON-CORE FOR SALE PROPERTIES BY THE MONITOR**

31. On July 26, 2013, on application made by the Monitor, the Court granted an Order authorizing the Monitor to sell certain Non-Core For Sale Properties on behalf of the Applicants, subject to court approval. The Order included the following Non-Core For Sale Properties:
  - a) 5611 Culverton Road, Duncan, BC;
  - b) 3425 River Road, Chemainus, BC;
  - c) 3620-3<sup>rd</sup> Avenue, Port Alberni, BC;
  - d) 3203-3211 – 2<sup>nd</sup> Avenue, Port Alberni BC; and
  - e) 3 parcels of land located on 4070 Giant Mine, Invermere, BC

***Prior Sale Process of the Applicants***

32. As previously reported, these properties were originally listed with Colliers MacAulay Nicolls Inc. (“Colliers” or the “Listing Agent”) on June 22, 2012. The listing agreement was extended several times and expired on May 30, 2013. During that time the listing price was reduced once. A list of the original Non-Core For Sale Properties and the listing price is included in the Tenth Report.
33. Initially, Collier’s marketed the Non-Core For Sale Properties on a traditional fair market value basis and encouraged interested buyers to place offer as all offers would be considered by the Applicants. From June 22, 2012 to on or around the beginning of March 2013, a few parties expressed some interest in some of the Non-Core For Sale, but none of the offers were acceptable to the Applicants.
34. Due to the lack of interest generated by a traditional selling process during the initial 8 months of the listing and the Applicants need for operating funds the Applicants (with the support of the Monitor) on March 27, 2013 commenced, with the assistance of Colliers, a more aggressive “solicitation for offers” sales process. The “solicitation for offers” sales process still included a listing price but allowed interested parties to submit an offer on an “as is where is” basis by April 25, 2013 and provided that all reasonable offers would be considered. The process is fully described in the Eleventh Report.
35. Both the traditional real estate sale process and the “solicitation for offers” sales process were widely distributed to the Colliers customer network and advertised in local newspapers.
36. Notwithstanding the extensive marketing efforts only one offer (for 3203-2<sup>nd</sup> Avenue, Port Alberni) was accepted.
37. The listing agreement for the remaining Non Core For Sale Properties was not renewed.

***The Monitor's "Solicitation For Offers" Sales Process***

38. On August 8, 2013, Colliers and the Monitor signed an exclusivity agreement (the "Exclusivity Agreement") that allowed Colliers to act as its agent to assist the Monitor to sell 5611 Culverton Road, 3425 River Road and 3620-3<sup>rd</sup> Avenue. A copy of the Exclusivity Agreement is attached as Appendix C to this Report.
39. On August 13, 2013, the Monitor, with the assistance of Colliers, commenced a "Court directed solicitation for offers" process (the "Sales Process"). The Sales Process invited offers to be made on an "as is where is" basis for the remaining Non-Core For Sale Properties. The marketing process included new advertisements and brochures sent out to Colliers' client database advising the sale was being conducted by the Monitor and that there was no listing price. The brochures and other marketing materials for the Sales Process were distributed to over 3,100 parties and other real estate agents from Colliers database. On August 16, 2013, the Monitor also advertised the sale of these properties in the local newspapers (Cowichan Valley Citizen and Alberni Valley Times) with a bid-deadline of August 30, 2013 at Noon MST.
40. The Monitor, with the assistance of Collier's, also targeted those parties who previously expressed an interest in the Non-Core For Sale Properties from the previously held "solicitation for offers" process conducted by the Applicants in April 2013. The Monitor, with concurrence of Collier's, believes that this target group of interested parties is considered the "primary market" for these particular properties. A copy of the Sales Process documentation is attached as Appendix D to this Report.
41. These properties had been exposed to the market through Colliers for over a year using different sales strategies and techniques. With that history, the Monitor, in consultation with Collier's, developed the Sales Process and is of the view that it was appropriate under the circumstance to identify any purchaser who may want to buy these properties on a forced sale basis.

### ***Sales Process Outcome***

42. The Monitor was advised by Colliers that the Sales Process generated, again, significant interest (i.e. phone calls) from individuals; however, this interest was mainly limited to 3620 – 3<sup>rd</sup> Avenue and 3425 River Road.
43. On August 30, 2013, the Monitor received 8 offers as part of the Sales Process. Three (3) offers were for 3620 3<sup>rd</sup> Avenue, three (3) offers for 3425 River Road and 2 offers for 5611 Culverton Road. The Monitor is currently in discussion with the parties that provided the top offers for 3620-3<sup>rd</sup> Avenue and 3425 River Road. It is likely that the Monitor will accept (subject to Court approval) an offer for at least one (and possibly both) of the 3620-3<sup>rd</sup> Avenue and 3425 River Road properties. The Monitor did not consider any of the offers on the 5611 Culverton Road to be acceptable.
44. Due to the confidential nature of the information provided in the selected offers, the Monitor believes it is necessary to include a “bid summary” as a confidential document on the Court file until the sale of the Non-Core For Sale Properties have closed and the filing of a letter with the Clerk of the Court from the Monitor confirming the closing of the Non-Core For Sale Properties. As such, the Monitor’s counsel is seeking a temporary sealing order to address the confidential nature of the “bid summary”.

### **SALE OF THE OCEAN FRONT LOTS**

45. One of the properties included in the application on July 26, 2013 by the Monitor to sell properties on behalf of the Applicants was 200 South Bamfield Road (the “Ocean Front Lots”). The Court adjourned consideration of the application to sell the Ocean Front Lots until September 6, 2013.
46. The purpose of the July 26, 2013 application of the Monitor was to facilitate the sale of certain properties to generate funds required for continuing operations and to pay the significant arrears of professional fees.

47. The Monitor had agreed with the Applicants that the application for an order directing the sale of the Ocean Front Lots until September 6 to assess the results of the sale process of the Non-Core For Sale Properties and to allow the Applicants time to sell Half Moon Lots to generate operating funds.
48. The results of the Sale Process to date will not generate sufficient funds to pay professional fee arrears nor have any Half Moon Lots been sold since the Thirteenth Report.
49. The Applicants are coming to the end of the operating season and have no cash reserves to fund operations through the off season, to pay interest on the Interim Financing or to pay arrears of professional fees. We have requested the Applicants and LBVR to provide a budget through to April of 2014. The interest and professional fees are discussed above.
50. There appears to be little interest in the remaining two For Sale Non-Core For Sale Properties and although the Monitor intends to leave them listed with Colliers, it is likely to be a long time before these properties are sold.
51. The Monitor is aware that an offer has been received on the Ocean Front Lots and although that offer has expired the offer or remains interested.
52. The Ocean Front Lots is not a core income producing property material to the restructuring plan of the Applicants.
53. The Monitor therefore is requesting the Court to grant an order allowing the Monitor to sell the Ocean Front Lots.

## **ACTUAL TO FORECAST RESULTS – JULY 13, 2013 TO AUGUST 23, 2013**

### ***Actual to Forecast Summary Results***

54. The actual to forecast cash flow presented at Appendix A to this Report for the Reporting Period contains the actual cash receipts and disbursements relating to the Purdy Group as compared to the cash flow forecasts previously provided to this Court in the Thirteenth Report (the “Thirteenth Report Forecast”). Below is a chart that summarizes the actual to forecast cash flow as presented in Appendix A to this Report.
55. As previously discussed, the former manager and bookkeeper at Half Moon no longer works for the Applicants and as a result the accounting records are not up to date. The Applicants recently obtained the assistance of a new bookkeeper to assist Half Moon in its accounting responsibilities. Despite additional requests made by the Monitor to the new bookkeeper and the Applicants to obtain the actual receipt and disbursement information on a periodic basis, the Monitor continues to wait on this information.
56. Consequently, the actual results disclosed in the chart below is a summary of transactions in the Applicant’s bank account and the Monitor has been unable to categorize the cash transactions during the Reporting Period due to the lack of accounting information provided by the Applicants to the Monitor.
57. The Monitor cautions the reader of this Fifteenth Report that the financial information below may be incomplete (as discussed in the Thirteenth Report) as there may be certain cash transactions during the Reporting Period that may have been collected and/or paid for by the Applicants, which are not reflected in Appendix A and the below chart.

<b>Purdy Group</b>	<b>July 13/13 to</b>	<b>July 13/13 to</b>	<b>July 13/13 to</b>
<b>Actual to Budget Cash Flow Results</b>	<b>August 23/13</b>	<b>August 23/13</b>	<b>August 23/13</b>
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Receipts	\$ 120,000	\$ 182,977	\$ 62,977
Funds from Monitor's trust account	352,000	82,000	\$ (270,000)
Total receipts	<u>\$ 472,000</u>	<u>\$ 264,977</u>	<u>\$ (207,023)</u>
Disbursements	263,500	254,210	9,290
Restructuring professional fees	150,000	-	150,000
Total disbursements	<u>\$ 413,500</u>	<u>\$ 254,210</u>	<u>\$ 159,290</u>
Net change in Applicant cash	\$ 58,500	\$ 10,767	\$ (47,733)
Applicant cash balance, opening	117	117	-
Applicant cash balance, ending	<u>58,617</u>	<u>10,884</u>	<u>(47,733)</u>
<b>FUNDS HELD IN TRUST BY MONITOR</b>			
Trust Opening Cash	\$ 117,805	\$ 117,805	\$ -
Collection of funds - other	-	-	-
Non Core Property Sale Receipts	335,000	162,000	(173,000)
Half Moon Lake Lot Sale Receipts	-	-	-
Release of funds to Applicants (LBVR)	(122,000)	(82,000)	40,000
Release of funds to Applicants (for operations)	(230,000)	-	230,000
	<u>(17,000)</u>	<u>80,000</u>	<u>97,000</u>
Trust Ending cash	<u>\$ 100,805</u>	<u>\$ 197,805</u>	<u>\$ 97,000</u>
<b>TOTAL AVAILABLE CASH</b>			
Applicant ending cash balance	\$ 58,617	\$ 10,884	\$ (47,733)
Trust cash balance	100,805	197,805	97,000
Less: cash not available per Court Order	(100,000)	(100,000)	-
Less: cash held for LBVR	-	-	-
	<u>805</u>	<u>97,805</u>	<u>97,000</u>
Available Cash	<u>\$ 59,422</u>	<u>\$ 108,689</u>	<u>\$ 49,267</u>

58. Receipts, including the release by the Monitor of funds to the Applicant, for the Reporting Period totaled \$264,977, representing a negative variance of \$207,023 from the receipts set out in the Thirteenth Report Forecast. This variance was primarily due to:



- a) a positive variance of approximately \$108,800 relating to higher than expected Half Moon lake operating receipts;
  - b) a negative variance of \$50,000 as no Half Moon lots were sold; and
  - c) a negative timing variance of approximately \$265,823 relating primarily to funds not advanced to the Applicants from the Monitor's trust account because the sale of Giant Mine and the 3203 - 2<sup>nd</sup> Avenue Port Alberni Property did not close in the Reporting Period;
- 59. Operating disbursements for the Reporting Period totaled \$254,210 representing a positive variance of \$9,290. This variance was primarily due to a:
  - a) negative variance of approximately \$108,710 relating to higher than expected Half Moon disbursements;
  - b) positive timing variance as \$40,000 less than projected was disbursed to LBVR as not all Giant Mine property sale proceeds were received; and
  - c) positive timing variance of approximately \$78,000 as the Giant Mine sale did not close.
- 60. Restructuring fees of \$150,000 were not paid for professional services rendered during the Reporting Period, because neither the Giant mine sale or the 3203-2<sup>nd</sup> Avenue property closed. However, the Monitor has collected and reserved \$80,000 of proceeds received to date from the Giant Mine property sale (as discussed above) and it anticipates proceeds of approximately \$65,000 from the sale of the 3203-2<sup>nd</sup> Avenue property. These proceeds will be utilized to pay approximately \$140,000 to the CCAA professionals as soon as the sales close.
- 61. The sale of the Giant Mine property generated proceeds of approximately \$166,700 in the Reporting Period. The Monitor at the direction of the Applicants

released \$82,000 to LBVR and has reserved \$80,000. The remainder of approximately \$4,700 was retained by the Applicants and used in its operations.

62. The Applicant's ending cash balance as at August 23, 2013 was \$10,884 compared to the forecast cash balance amount of \$58,617, for the reasons discussed above. The combination of the ending available cash balance in the Monitor's trust account of \$97,805 and the Applicants' ending cash balance above, results in an overall ending available cash balance of \$108,689.
63. The Monitor also has not had an opportunity to review any additional supporting documentation for most of the above transactions in the Reporting Period, as this information was not provided to the Monitor by the Applicant in a timely manner.
64. The Monitor is requesting again that the Applicants provide more timely, accurate and relevant accounting information for the Monitor to properly fulfill its duties of reviewing the receipts and disbursements of the Applicants. If the accounting information is not provided in a timely manner satisfactory to the Monitor, the Monitor will advise the Court.

#### **REGULATORY FILING REQUIREMENTS**

65. On August 28, 2013, the Monitor met with McCallum who continues to finalize the 47 outstanding corporate tax returns of the Applicants. The Applicants will be reviewing these tax returns and the Monitor expects that the tax returns will be filed with CRA in the coming weeks. McCallum is also preparing two personal tax returns of Purdy and these returns are not yet completed. The completion of these corporate outstanding tax returns will assist the Monitor and the Applicants in evaluating the 30 proof of claims filed by CRA.

#### **RECOMMENDATION**

66. The Monitor recommends that this Honourable Court approve the Monitor's application to sell the Ocean Front Lots.

All of which is respectfully submitted this 3<sup>rd</sup> day of September, 2013.

**ALVAREZ & MARSAL CANADA INC.,  
in its capacity as court-appointed Monitor of  
the Purdy Group**

A handwritten signature in dark ink, appearing to read 'Tim Reid', with a stylized flourish at the end.

Tim Reid, CA•CIRP  
Senior Vice-President

A handwritten signature in dark ink, appearing to read 'Orest Konowalchuk', with a large, sweeping flourish at the end.

Orest Konowalchuk, CA•CIRP  
Director

# APPENDIX A

**Purdy Group of Companies**  
**Actual to Forecast Results**  
**For the period of July 13 to August 23, 2013 (the "Forecast Period")**  
**(in CDN dollars)**

	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>
	<b>Week 87 to Week 92 July 13, 2013 to August 23, 2013</b>	<b>Week 87 to Week 92 July 13, 2013 to August 23, 2013</b>	<b>Week 87 to Week 92 July 13, 2013 to August 23, 2013</b>
<b>Operating receipts</b>			
Hawkeye Group Properties sales and rental receipts	-	-	-
Half Moon Lake Resort receipts	70,000	178,800	108,800
Sale of Half Moon Lake lots	50,000	-	(50,000)
Other receipts	-	4,177	4,177
<i>Total receipts</i>	<b>120,000</b>	<b>182,977</b>	<b>62,977</b>
<b>Funds from Monitor's Trust Account</b>	<b>352,000</b>	<b>82,000</b>	<b>(270,000)</b>
<b>Total receipts</b>	<b>472,000</b>	<b>264,977</b>	<b>(207,023)</b>
<b><u>Operating Disbursements</u></b>			
Hawkeye Group Properties expenses	-	-	-
Half Moon Lake expenses	42,000	172,210	(130,210)
Management fees, wages and consultants	14,000	-	14,000
Half Moon Lake Capital costs	7,000	-	7,000
Repayment of loan	78,000	-	78,000
Contingency	500	-	500
	<b>141,500</b>	<b>172,210</b>	<b>(30,710)</b>
<b>LBVR Management agreement disbursements</b>			
Release of funds to LBVR	122,000	82,000	40,000
<i>Total operating &amp; LBVR disbursements</i>	<b>263,500</b>	<b>254,210</b>	<b>9,290</b>
<b><u>Restructuring professional fees</u></b>			
- Monitor	70,000	-	70,000
- Company Counsel	40,000	-	40,000
- Monitor Counsel	40,000	-	40,000
<i>Total restructuring professional fees</i>	<b>150,000</b>	<b>-</b>	<b>150,000</b>
<b>Total disbursements</b>	<b>413,500</b>	<b>254,210</b>	<b>159,290</b>
<b>Net change in Applicant cash</b>	<b>58,500</b>	<b>10,767</b>	<b>(47,733)</b>
<b>APPLICANT CASH BALANCE</b>			
Opening cash	117	117	-
Net change in operating cash	58,500	10,767	(47,733)
Ending Cash	<b>58,617</b>	<b>10,884</b>	<b>(47,733)</b>

(continued...)

<b>FUNDS HELD BY MONITOR</b>			
Opening Cash	117,805	117,805	-
Collection of funds - other	-	-	-
Non Core Property Sale Receipts	335,000	162,000	(173,000)
Half Moon Lake Lot Sale Receipts	-	-	-
Release of funds to Applicants (LBVR)	(122,000)	(82,000)	40,000
Release of funds to Applicants (for operations)	(230,000)	-	230,000
	(17,000)	80,000	97,000
Ending cash	100,805	197,805	97,000

<b>TOTAL AVAILABLE CASH FOR GENERAL RESTRUCTURING</b>			
Applicant ending cash balance	58,617	10,884	(47,733)
Total Funds held by Monitor	100,805	197,805	97,000
Less: Funds held for LBVR Agreement	-	-	-
Cash held in trust per Court Order	(100,000)	(100,000)	-
	805	97,805	97,000
Cash available for general restructuring	<b>59,422</b>	<b>108,689</b>	<b>49,267</b>

\_\_\_\_\_  
 Jack Purdy, President  
 Purdy Group

\_\_\_\_\_  
 Date

# APPENDIX B

**LBVR (Hawkeye Group Properties)**  
**Actual Cash Flow**  
**the period of September 8, 2012 to July 31, 2013**  
**(in CDN dollars)**

	Sept 8 - Oct 31/12	Nov 1 - Nov 30/12	Dec 1 - Dec 31/12	Jan 1 - Jan 31/13	Feb 1 - Feb 28/13	Mar 1 - Mar 31/13	Apr 1 - Apr 30/13	May 1 - May 31/13
<b><u>Operating receipts</u></b>								
Funds received from the Purdy Group	\$150,000	\$100,000	\$ -	\$100,000	\$140,000	\$60,000	\$100,000	\$ -
Fishpath sales and rental receipts	4,069	4,948	(2,660)	(1,886)	(801)	4,319	4,718	13,154
Fuel sales	-	-	-	-	-	-	-	14,072
Other miscellaneous receipts	546	442	2,763	4,256	2,343	1,295	2,809	2,450
<b>Total operating receipts</b>	<b>\$154,615</b>	<b>\$105,389</b>	<b>\$103</b>	<b>\$102,370</b>	<b>\$141,542</b>	<b>\$65,614</b>	<b>\$107,527</b>	<b>\$29,676</b>
<b><u>Operating Disbursements</u></b>								
Management fees	\$33,300	\$16,650	\$16,650	\$16,650	\$16,650	\$16,650	\$16,650	\$16,650
Restaurant food and beverage inventory	4,906	1,604	4,260	2,937	5,480	29,904	3,044	8,722
Operations labour	4,319	4,051	7,889	8,630	6,857	9,078	12,502	8,750
Utility costs	4,738	1,976	7,215	12,021	7,400	11,531	5,252	3,993
Fuel inventory	-	-	-	6,904	-	-	29,739	-
Travel expenses	2,835	4,644	1,858	1,510	(433)	5,553	3,713	1,472
Office, pub and cleaning supplies	2,350	252	2,544	8,144	3,170	1,651	6,478	854
Other misc	298	458	(106)	86	654	440	139	184
Bank service charges and other permit costs	184	319	231	191	298	1,360	463	541
<b>Total operating disbursements</b>	<b>\$52,931</b>	<b>\$29,954</b>	<b>\$40,541</b>	<b>\$57,073</b>	<b>\$40,075</b>	<b>\$76,166</b>	<b>\$77,981</b>	<b>\$41,166</b>
<b><u>Capital costs</u></b>								
Furniture and equipment purchases	\$3,974	\$ -	\$25,446	\$13,521	\$63,737	\$2,330	\$4,712	\$ -
Repairs and maintenance	11,472	3,030	13,233	27,788	42,625	8,891	36,816	7,325
<b>Total capital costs</b>	<b>\$15,446</b>	<b>\$3,030</b>	<b>\$38,680</b>	<b>\$41,309</b>	<b>\$106,362</b>	<b>\$11,221</b>	<b>\$41,528</b>	<b>\$7,325</b>
<b>Total operating and capital costs</b>	<b>\$68,377</b>	<b>\$32,983</b>	<b>\$79,220</b>	<b>\$98,381</b>	<b>\$146,437</b>	<b>\$87,387</b>	<b>\$119,509</b>	<b>\$48,491</b>
<b><u>Net change in cash</u></b>								
Opening cash	\$86,239	\$72,406	\$(79,117)	\$3,989	\$(4,895)	\$(21,773)	\$(11,981)	\$(18,815)
Ending Cash	-	86,239	158,645	79,528	83,517	78,622	56,849	44,867
	<b>\$86,239</b>	<b>\$158,645</b>	<b>\$79,528</b>	<b>\$83,517</b>	<b>\$78,622</b>	<b>\$56,849</b>	<b>\$44,867</b>	<b>\$26,052</b>



**LBVR (Hawkeye Group Properties)**  
**Actual Cash Flow**  
**the period of September 8, 2012 to July 31, 2013**  
**(in CDN dollars)**

	June 1 - June 30/13	July 1 - July 31/13	10 month Total
<b><u>Operating receipts</u></b>			
Funds received from the Purdy Group	\$ 78,000	\$ -	\$ 728,000
Fishpath sales and rental receipts	21,734	38,394	85,990
Fuel sales	23,434	47,775	85,281
Other miscellaneous receipts	4,430	5,289	26,623
<b>Total operating receipts</b>	<b>\$ 127,598</b>	<b>\$ 91,458</b>	<b>\$ 925,895</b>
<b><u>Operating Disbursements</u></b>			
Management fees	\$ 16,650	\$ 16,650	\$ 183,150
Restaurant food and beverage inventory	1,006	10,247	72,110
Operations labour	14,353	1,707	78,137
Utility costs	7,386	3,785	65,298
Fuel inventory	16,579	15,999	69,221
Travel expenses	2,893	1,495	25,540
Office, pub and cleaning supplies	3,076	3,648	32,168
Other misc	3,645	1,047	6,844
Bank service charges and other permit costs	511	659	4,755
<b>Total operating disbursements</b>	<b>\$ 66,101</b>	<b>\$ 55,237</b>	<b>\$ 537,224</b>
<b><u>Capital costs</u></b>			
Furniture and equipment purchases	\$ 34,289	\$ -	148,008
Repairs and maintenance	9,940	1,072	162,193
<b>Total capital costs</b>	<b>\$ 44,230</b>	<b>\$ 1,072</b>	<b>\$ 310,201</b>
<b>Total operating and capital costs</b>	<b>\$ 110,330</b>	<b>\$ 56,309</b>	<b>\$ 847,426</b>
<b>Net change in cash</b>	<b>\$ 17,268</b>	<b>\$ 35,149</b>	<b>\$ 78,469</b>
Opening cash	26,052	43,320	-
Ending Cash	\$ 43,320	\$ 78,469	\$ 78,469

# APPENDIX C

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c.C-36,  
AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGMENT**

**COURT OF QUEEN'S BENCH OF ALBERTA**

**Judicial Centre: Edmonton**

**Court File number: 1103-18646**

**EXCLUSIVE SALE LISTING AGREEMENT**

**BETWEEN**

**ALVAREZ & MARSAL CANADA INC., IN ITS CAPACITY AS COURT-APPOINTED  
MONITOR OF CHERRY BLOSSOM PARK DEVELOPMENT CORP.  
ARMAC INVESTMENTS LTD. (BC)**

**(VENDOR)**

**AND**

**COLLIERS MACAULAY NICOLLS INC.**

**(AGENT)**

## **EXCLUSIVE SALE LISTING AGREEMENT**

THIS AGREEMENT dated the 8<sup>th</sup> day of August, 2013 (the "Effective Date").

**Between:** ALVAREZ & MARSAL CANADA INC., IN ITS (the "Vendor")  
CAPACITY AS COURT-APPOINTED MONITOR OF  
CHERRY BLOSSOM PARK DEVELOPMENT CORP. AND  
ARMAC INVESTMENTS LTD. (BC)

**And:** COLLIERS MACAULAY NICOLLS INC. (the "Agent")  
Suite 207 -335 Wesley Street  
Nanaimo, BC  
V9R 2T5

In consideration of the services of the Agent, the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Vendor and the Agent, the Vendor hereby authorizes the Agent to act as its exclusive Agent for the purposes of selling those lands municipally known as:

- 1) 5611 Culverton Road, Cowichan Valley, B.C.
- 2) 3426 River Road, Chemainus, B.C
- 3) 3620 3<sup>rd</sup> Avenue, Port Alberni, B.C

and legally described as:

- 1) Lot 1, Section 8, Range 6, Sahtlam District; Plan 12309, except those parts in plans 22890, 23708, 25003, and 29157; P.I.D. 003-851-168
- 2) Lot 2, Sections 14 & 15, Range 3, Chemainus District, Plan 31422, except part in Plan VIP69038; P.I.D. 001-160-141
- 3) (a) That part of Lot 1, Alberni District, shown outlined in red on Plan 795R; P.I.D. 000-522-546  
(b) That part of Lot 1, Alberni District, shown outlined in red on Plan 795R; P.I.D. 000-522-538

**(Each referred to herein as the "Property")**

This will be an "invitation for offers" process and the Monitor, with the assistance of the Agent, will be seeking offers (without providing a listing price) from potential purchasers to establish the ultimate purchase price for the Property. As such the purchase price will be the highest and best offer as determined by the Vendor and will be inclusive of commission, payable in full on the closing of the purchase of the Property.

## **1. TERM AND EXTENSIONS**

This Agreement shall commence on the Effective Date and shall be irrevocable (except by Court Order) until it expires at one minute before midnight on September 30th, 2013 (the "Term"). In the event that any of the properties are conditionally sold on this date or the closing date for a sale of any of the properties extends beyond this date, the Term of the listing will be automatically extended on the Property to include the conditional and Closing dates of the sales.

## **2. AGENT'S RESPONSIBILITIES**

The Agent shall:

- (a) provide experienced representative(s) who will devote themselves diligently to the sale of the Property. The representative(s) shall be Jason Winton and Brad Archibald.
- (b) consult with the Vendor's representatives on a periodic basis as required by the Vendor;
- (c) provide current market data to the Vendor;
- (d) erect site signs with the Vendor's approval;
- (e) assist in planning, administering and implementing with the Vendor an "invitation for offers" sales process to cover a broad cross-section of potential purchasers on a local, national and international basis;
- (f) cooperate with all realtors and real estate companies and share commissions, for bona fide introductions made by such realtors of potential purchasers with whom the Agent is not already dealing. In the event that a purchase transaction is consummated involving a cooperating realtor, the total commission payable by the Vendor shall be paid by the Vendor to the Agent and the Vendor shall not be obligated to pay such cooperating realtor;
- (g) ensure that all offers are in writing and are submitted directly to the Vendor, including offers received from other real estate companies or cooperating realtors. The Agent acknowledges that it has no authority to accept any offers on behalf of the Vendor.
- (h) endeavour to prolong all offers for an adequate period of time in order to facilitate review by the Vendor;
- (i) provide liaison between the purchaser and the Vendor as required;
- (j) provide personalized attention to the purchaser to create the best possible continuing relationship with the Vendor; and
- (k) devote as much time to its duties pursuant to this Agreement as shall be requisite to achieve the objectives herein contemplated.

### **3. VENDOR'S RESPONSIBILITIES**

- (a) The Vendor will provide such documents as the Vendor may have available (i.e. plans, surveys, blueprints, environmental reports, structural reports, HVAC service reports, mechanical reports, service contracts and the like) to the Agent as the Agent may reasonably require to effectively market the Property;
- (b) The Vendor will allow the Agent to show prospective purchasers the Property during reasonable hours, and with approval and notice to the tenant;
- (c) The Vendor covenants and agrees to provide a direction to pay for the benefit of the Agent to accommodate the payment of the commission from the purchase price proceeds as defined in Section 4.

### **4. AGENT'S COMMISSION**

The Vendor shall pay the Agent a commission of five percent (5%) percent of any property sold plus applicable taxes (including, but not limited to GST). The Vendor shall pay the Agent the aforementioned commission in the event of a purchase of any Other Interest, plus applicable taxes (including, but not limited to Harmonized Sales Tax). Provided however that such commission shall be earned and due only if and when the Vendor accepts and the Court approves a binding offer to purchase the Property and the Vendor receives any of the consideration due to it at the closing of the sale of the Property.

### **5. AGENT'S COMMISSION IF TRANSACTION DOES NOT CLOSE**

If a transaction for which the Agent would have been entitled to a commission under Section 4 fails to close:

- (a) And the Purchaser forfeits or otherwise pays all or any of the deposit to the Vendor without protest and the Vendor decides to keep the deposit then the Vendor shall pay to the Agent the lesser of :
  - (i) One-Half (1/2) of the amount by which such deposit exceeds the Vendor's legal costs in respect of the failed transaction; or,
  - ii) the Commission which the Agent would have earned in respect of such sale if it had closed; or

### **6. ENVIRONMENTAL MATTERS**

- (a) The Vendor acknowledges that the Agent has not and will not express any opinion and not provide any advice on any environmental issue arising from or in relation to the Property unless otherwise agreed in writing.

**7. MISCELLANEOUS**

- (a) Any amendments to this Agreement are to be in writing signed by both parties.
- (b) There are no representations, warranties, guarantees, promises or agreements other than made herein.
- (c) Notwithstanding any other terms of this Agreement, any sale will be subject to and conditional upon the approval of the Court of Queen's Bench of Alberta and the Court Appointed monitor of the Vendor and no commissions shall be payable with respect to any sale absent the satisfaction of those conditions.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year on page one.

ALVAREZ & MARSAL CANADA INC., IN ITS  
CAPACITY AS COURT-APPOINTED MONITOR OF  
CHERRY BLOSSOM PARK DEVELOPMENT CORP. &  
ARMAC INVESTMENTS LTD. (BC)

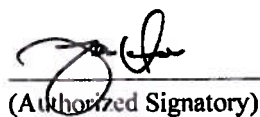


Witness: \_\_\_\_\_

Witness: \_\_\_\_\_

COLLIERS MACAULAY NICOLLS INC.

Per: \_\_\_\_\_

  
(Authorized Signatory)

JASON WINTON - VICE PRESIDENT & MANAGING BROKER

\_\_\_\_\_  
(Name & Title)

# APPENDIX D





**INVITATION FOR OFFERS  
SALE OF PROPERTIES OF  
ARMAC INVESTMENTS LTD. (BC) & CHERRY BLOSSOM PARK DEVELOPMENT CORP.  
BY THE COURT-APPOINTED MONITOR  
Under the Companies' Creditors Arrangement Act ("CCAA")**

**Introduction**

On December 1, 2011, Cherry Blossom Park Development Corp. ("Cherry") and Armac Investments Ltd. (BC) ("Armac BC") (collectively, the "Companies") sought and obtained protection from its creditors under the Companies' Creditors Arrangement Act, R.S.C. 1985, c.C-36, as amended (the "CCAA") pursuant to an order of the Court of Queen's Bench of Alberta ("Court") (the "Initial Order"). Pursuant to the Initial Order, Alvarez & Marsal Canada Inc. was appointed monitor of the Companies (the "Monitor").

On July 26, 2013, the Court granted an Order (the "Listing and Sale of Property Order") that, among other things, allows the Monitor to market and list in its own name certain of the Companies properties and to enter into sales agreements with respect to the properties, subject to Court approval.

**The Opportunity**

The Monitor, with the assistance of Colliers MacAulay Nicolls Inc. ("Colliers"), is soliciting for offers on the following properties (the "Properties"):

1. 5611 Culverton Road, Cowichan Valley, B.C. – Appendix A
  - a. Registered owner: Cherry Blossom Park Development Corp.
    - i. Lot 1, Section 8, Range 6, Sahtlam District; Plan 12309, except those parts in plans 22890, 23708, 25003, and 29157; P.I.D. 003-851-168
2. 3425 River Road, Chemainus, B.C. – Appendix B
  - a. Registered owner: Armac Investments Ltd. (BC)
    - i. Lot 2, Sections 14 & 15, Range 3, Chemainus District, Plan 31422, except part in Plan VIP69038; P.I.D. 001-160-141
3. 3620 3rd Avenue, Port Alberni, B.C. – Appendix C
  - a. Registered Owner: Armac Investments Ltd. (BC)
    - i. That part of Lot 1, Alberni District, shown outlined in red on Plan 795R; P.I.D. 000-522-546
    - ii. That part of Lot 1, Alberni District, shown outlined in red on Plan 795R; P.I.D. 000-522-538

**Sales Process**

Pursuant to the Listing and Sale Property Order granted by the Court, the Monitor is offering to sell the Properties in a manner to attract serious buyers through a competitive process. Under this court-supervised sales process, the Monitor advises interested buyers that there is an immediate desire to sell the Properties forthwith and all reasonable offers will be considered.

To be considered, offers must be received at the offices of Alvarez & Marsal Canada Inc., by **Noon (MST), Friday, August 30, 2013**. The Monitor reserves the right to negotiate and to accept any offer prior to this deadline and is not required to accept the highest or any offer. All offers are subject to Court approval.

This document has been distributed to a number of prospective purchasers. Under no circumstances should any party make direct contact with the shareholders, management, employees or customers of the Companies. Any questions should be directed to either the Monitor or Colliers.

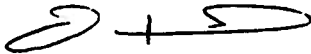
The Monitor has compiled this document and the offer to purchase package from information supplied by Cherry and Armac (BC) and/or other publicly available information. The Monitor does not make any representations or warranties as to the accuracy or completeness of this material and shall have no liability for any representations (express or implied) contained herein. Nothing contained herein is or shall be relied upon as a promise or representation of future developments.

The information contained in this package and any other Property information available during this "invitation for offers" process (collectively, the "**Property Information**") has been compiled from the records of Cherry and Armac (BC) and from other available data. This information has not been reviewed, audited, or otherwise verified by the Monitor for accuracy or completeness. The Property Information has been prepared solely to assist interested parties in making their own evaluation of the Properties being offered for sale and does not purport to contain all of the information that a prospective purchaser may require. Accordingly, prospective purchasers should conduct their own investigation and analysis of the Properties offered for sale.

All offers must be submitted on an "as is, where is" basis, in the format enclosed herein.

Dated at Calgary, this 13<sup>th</sup> day of August, 2013.

**Alvarez & Marsal Canada Inc.**  
in its capacity as Monitor of  
the Companies



Orest Konowalchuk  
Director

**SCHEDULE I**

**TO: Alvarez & Marsal Canada Inc.**  
c/o Tom Powell  
Monitor of the Companies  
Commerce Place  
1680 - 400 Burrard Street  
Vancouver, B.C. V6C  
3A6  
Email: [tpowell@alvarezandmarsal.com](mailto:tpowell@alvarezandmarsal.com)  
Phone: (604) 639-0846

---

1. \_\_\_\_\_  
Name of Offeror

2. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Address of Offeror

3. The Offeror hereby offers to purchase from the Vendor, subject to the Terms and Conditions, the Properties indicated below, which are more particularly described in Appendices A through C attached hereto and forming part of this Offer:

**SCHEDULE I**

<b><u>PROPERTIES</u></b>	<b><u>PURCHASE PRICE</u></b>
<b><u>DESCRIPTION</u></b>	<b><u>Excluding GST</u></b>
<b><u>APPENDIX</u></b>	
<b>EN BLOC OFFER</b>	<b>Appendix A-C.</b>
<i>(*if you intend to make an "en bloc" offer, you must allocate the total purchase amongst the Properties listed below)</i>	
<b><u>OR Offer on Individual Property (s)</u></b>	
<b>5611 Culverton Road</b>	<b>Appendix A.</b>
<b>3425 River Road</b>	<b>Appendix B.</b>
<b>3620 – 3<sup>rd</sup> Avenue</b>	<b>Appendix C.</b>

4. The Offeror hereby acknowledges and agrees that the Definitions and the Terms and Conditions attached hereto as **Schedule I** and **Schedule II** are incorporated by reference and made a part of this Offer and made a part of any Agreement constituted by the acceptance of this Offer.

DATED at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, 2013.

\_\_\_\_\_  
Print Name of Offeror

\_\_\_\_\_  
Print Name of Witness

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**ACCEPTED:**

\_\_\_\_\_  
Alvarez & Marsal Canada Inc.  
in its capacity as Monitor of  
the Companies

\_\_\_\_\_  
Per Name of Witness

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Per: \_\_\_\_\_

Per: \_\_\_\_\_

## **SCHEDULE I**

### DEFINITIONS OF OFFER TO PURCHASE Cherry Blossom Park Development Corp. Armac Investments Ltd. (BC)

In this Offer and in the Agreement constituted by acceptance hereof, including the Terms and Conditions of this Offer contained in Schedule II hereof, the following words and phrases shall have the following meanings:

**"Agreement"** means the agreement constituted by the acceptance of the Offer;

**"Closing Date"** means, transaction approved pursuant to the Vesting Order and shall occur on the first business day after the Vesting Order is issued or such other business day as may be agreed to by the Vendor and the Offeror acquiring one, some and/or all the Properties; ;

**"Court Approval"** means, the day in which the court approves the transaction of the Properties and grants the Vesting Order;

**"Deposit"** means an amount to be delivered to the Vendor coincident with the delivery of the Offer and shall be in an amount equal to ten (10%) percent of the amount of the Offer and payable by way of certified cheque to "Alvarez & Marsal Canada Inc. - In Trust";

**"Effective Date"** means, unless otherwise agreed to between the parties, 12:01 a.m., Mountain daylight time, on the closing date;

**"Offer"** means the OFFER TO PURCHASE – Cherry Blossom Park Development Corp. and Armac Investments Ltd. (BC) when duly completed and executed by the Offeror;

**"Offeror"** and **"Purchaser"** means the person described as Offeror in the Offer;

**"Properties"** means, 5611 Culverton Road, 3425 River Road, and 3620-3rd Avenue and other items as stipulated in paragraph 3 of the Offer;

**"Purchase Price"** means the amount set forth in the Offer, adjusted only for property taxes, plus applicable GST payable in lawful money of Canada and unconditionally releasable and payable in cash (or by certified cheque or bank draft drawn on a Canadian Chartered Bank) by the Purchaser to the Vendor on the Closing Date;

**"Terms and Conditions"** means all of the terms and conditions contained in Schedule II to the Offer;

**"Vendor"** means Alvarez & Marsal Canada Inc. in its capacity as Court-Appointed Monitor of the Companies.

**SCHEDULE II****TERMS AND CONDITIONS OF  
OFFER TO PURCHASE**

Cherry Blossom Park Development Corp.  
Armac Investments Ltd. (BC)

1. The Offeror acknowledges and agrees that acceptance of the Offer by the Monitor is made by it solely in its capacity as Monitor of the Companies and not in its personal capacity, and that the Vendor and its respective employees, servants and agents shall have no personal or corporate liability whatsoever with respect to any matter(s) relating to or arising out of the Offer, the Agreement or the advertisement or sale of the Properties. Any suit, claim, demand or cause of action of the Offeror, in any way arising out of or related to the Offer, the Agreement or the advertisement or sale of the Properties, shall be restricted solely to the Properties and the Deposit.
2. Nothing herein shall be construed as a warranty, agreement or representation that the Vendor, as the Monitor of the Companies, is the owner of the Properties or that there are or will be no restrictions, encumbrances, burdens or obligations against the Properties.
3. The Vendor, in its sole discretion, may waive any or all of the Terms and Conditions of the Agreement which are for the benefit of the Vendor, provided however that any waiver shall only be effective if in writing and any such waiver shall not apply to waive any other provisions unless expressly stated in writing.
4. The Vendor has specified certain details respecting the Properties described above. The descriptions therein contained are not warranted to be complete or accurate, and the Offeror has had full opportunity to and has conducted such tests, examinations, inspections, and investigations as it deems necessary or advisable to fully acquaint itself with the Properties, their title, fitness for particular purpose, location, existence, condition, quality, quantity, merchantability, suitability for intended purpose, and with any other attributes which the Offeror considers relevant.
5. The Properties are being sold on an "**as is and where is**" without recourse basis.
6. The Offeror acknowledges that it was entitled to and had the opportunity to consult with its own independent legal counsel prior to making the Offer.
7. The Offeror, with this Offer, delivered to the Vendor the Deposit. If the Offer is accepted, then subject to Paragraph 8 hereof, the Deposit shall be applied to the Purchase Price.

8. If the Offer is accepted and the Offeror fails to comply with any of the Agreement, or if the Offeror is unable or unwilling to complete this transaction for any reason whatsoever, the Deposit and all payments made on account of the Purchase Price shall be forfeited to the Vendor as a genuine pre-estimate of liquidated damages and not as a penalty.
9. In the event that this Offer is not accepted, the Deposit accompanying this Offer shall be returned to the Offeror without interest as soon as reasonably practicable.
10. The Offeror acknowledges that Vendor is not obligated to accept this Offer or the highest or any offer received by the Vendor. Any offer accepted by the Vendor is subject to Court Approval.
11. If the Offer is accepted, then notification of such acceptance shall be made effective upon delivery of such notification in writing to the address of the Offeror set forth in the Offer and shall be deemed to have been received by the Offeror on the day on which such delivery is made. Subject to the satisfaction of the condition precedent in favour of the Vendor at Paragraph 20 B of this Schedule II, upon acceptance as aforesaid, the accepted Offer shall constitute a binding agreement of purchase and sale. Unless otherwise agreed between the parties, the closing of this transaction shall take place on the Closing Date.
12. Time shall be of the essence of this Offer, any acceptance thereof and the Agreement constituted by such acceptance.
13. This Offer and the Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the Offeror irrevocably attorns to the jurisdiction of the Courts of the Province of Alberta.
14. In consideration of the Vendor making available to the Offeror information relating to the Properties and the opportunity of inspection of such information, and in consideration of the Vendor receiving offers, the Offeror agrees that its Offer is irrevocable prior to the expiration of September 4, 2013.
15. The Offeror shall, after the Purchase Price has been paid in full, take delivery and possession of the Properties on an "as is and where is" basis on the Closing Date, without recourse to the Vendor or their respective employees, servants and agents. The Purchase Price shall be paid to the Vendor on the Closing Date in cash or by certified cheque or bank draft drawn on a Canadian Chartered Bank by the Offeror.

16. Existing insurance coverage held by the Companies is limited to liability insurance on the Properties. In the event of any damage occurring prior to Closing Date, the Offeror shall not have the right to rescind, but, rather, shall have all of the rights of the insured party under the terms of the insurance policy under which the Properties are insured. The Offeror shall arrange for its own insurance as at and from the Closing Date.
17. At the Closing Date, the Vendor shall execute and deliver a Transfer of Land or any other documentation necessary to give effect to this transaction.
18. There are no representations, warranties, collateral agreements, or conditions whatsoever by the Vendor, and the Offeror, having been afforded all reasonable opportunity to examine the Properties and all documents and information pertaining to or affecting the Properties insofar as such documents and information are in the Vendor's possession, acknowledges and agrees that there are no representations, collateral agreements, conditions or warranties, expressed or implied, by statute, custom or otherwise, on the part of the Vendor or their respective agents, servants or employees, affecting the rights of the Offeror hereunder, and that, without restricting the generality of the foregoing, there are no representations regarding the Properties as to title, location, existence, fitness for particular purpose, condition, quality, quantity, merchantability or suitability for intended purpose, or as to any other attributes which the Offeror considers relevant. The Offeror further acknowledges and agrees that it is not relying upon any representations made by the Vendor or their respective agents, servants or employees and that the Agreement is and shall be the entire agreement between the parties.
19. The Offeror (if a corporation) represents and warrants to the Vendor that as of the date hereof, to and including the Closing Date:
  - A. the Offeror is and will be a corporation duly incorporated, validly subsisting and in good standing under the laws of the Province of Alberta or British Columbia or is and will be a corporation duly incorporated, validly subsisting and in good standing under the laws of the jurisdiction of its incorporation and duly qualified and registered in the province of Alberta, and the Offeror has the full legal right, power, capacity and authority to acquire and own the Properties;
  - B. the Offeror has and had at the time of execution, all requisite corporate power, authority and capacity to execute and deliver this Offer to the Vendor and to make and fully observe and perform all terms, covenants, conditions, agreements, representations and warranties contained in this Offer;



- C. the execution and delivery of this Offer has been duly authorized by all necessary corporate action of the Offeror and all necessary resolutions have been taken or passed by the Offeror and its shareholders, directors and officers in order to authorize the execution and delivery of this Offer and the carrying out of the transaction contemplated hereunder, and this Offer together with the acceptance thereof shall constitute a legal, valid and binding agreement for sale enforceable against the Offeror in accordance with its terms, with respect to those obligations of the Offeror set forth herein;
  - D. the Offeror has duly executed and delivered this Offer and the execution, delivery and performance by the Offeror of this Offer does not and will not violate or conflict with the constituting documents and by-laws (if any) of the Offeror, nor any resolution of the directors or shareholders of the Offeror nor with any agreements, instruments, injunctions, judgments, decrees or writs to which the Offeror is a party or is bound, nor result in a violation of any law, statute, regulation, ordinance or rule to which the Offeror is subject;
  - E. no registration with, giving of notice to, or consent or approval of, any governmental or public bodies or authorities, or any other parties, is necessary for the execution and delivery by the Offeror of the Offer or for the performance by the Offeror of the terms and conditions contained herein;
  - F. the Offeror is not a non-Canadian as defined in the Investment Canada Act or if the Offeror is such a non-Canadian, then either the transaction herein is not notifiable or reviewable under such Act or the Offeror has satisfied the requirements of such Act such that the transaction herein provided for may be completed without contravention of such Act.
20. The obligation of the Vendor to complete the sale of the Properties pursuant hereto is subject to the following conditions precedent:
- A. the Offeror shall cause to be paid and delivered to the Vendor on the Closing Date the Purchase Price plus any applicable goods and services tax.
  - B. that a Court Order is obtained authorizing the sale of the Properties and vesting title of the Properties in the Offeror.

21. The foregoing conditions precedent in Paragraph 20 shall be for the benefit of the Vendor and Purchaser and may not be waived, in whole or in part, at any time on or before the Closing Date.
22. No amendment or variation of the Agreement shall be of any force or effect unless the same is reduced to writing and duly executed by the Vendor and the Offeror.
23. Interest on the Deposit and all other funds paid to the Vendor pursuant to this Offer shall accrue to the benefit of Vendor.
24. The Offeror and the Vendor mutually agree to do all such further acts and execute all such further documents and instruments as may reasonably be necessary or convenient to give full effect to the Agreement.
25. This Agreement shall endure to the benefit of and be binding upon the Offeror and Vendor and their respective successors and assigns.
26. The Listing Agent shall be paid sales commission with respect to the sales arising upon the acceptance of any Offer, in accordance with the Exclusive Sale Listing Agreement between the Monitor and Colliers dated August 6, 2013.

## APPENDIX A



FOR SALE > 18.37 ACRE DEVELOPMENT SITE

# Bare Land Residential Strata

5611 CULVERTON ROAD, DUNCAN, BC



**INVITATION FOR OFFERS**

**COURT-APPOINTED MONITOR SALE**

**Offers must be submitted to Alvarez & Marsal Canada Inc.  
by August 30, 2013.**

**All offers will be considered.**



ALVAREZ & MARSAL CANADA INC.  
400 Burrard Street  
Suite 1680, Commerce Place  
Vancouver, BC V6C 3A6  
MAIN: +1 604 638 7440  
FAX: +1 604 638 7441



FOR SALE > 18.37 ACRE DEVELOPMENT SITE

# Bare Land Residential Strata

5611 CULVERTON ROAD, DUNCAN, BC

## Opportunity

Colliers International is pleased to offer a unique opportunity to acquire a strategically located bare land residential strata development site. The current zoning allows for 50 bare land strata units together with a community building and various amenities as per an approved plan. Contact the listing agent for further details. The property also contains a deep well drilled on site.

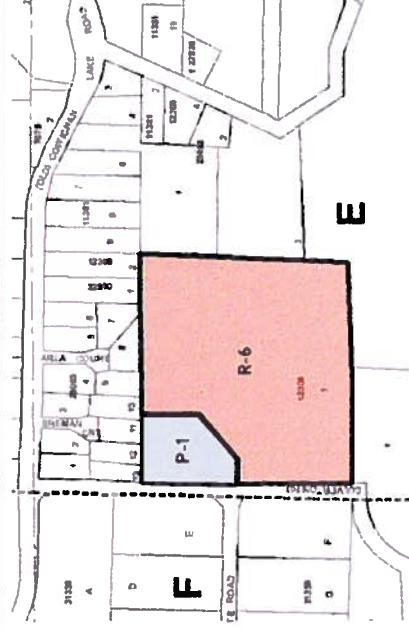
## Location

The subject property is located just 18 km east of the Town of Lake Cowichan and 11 km west of the City of Duncan. In addition to the subject property's central location, the surrounding area offers spectacular scenery and a wide range of year round sporting and recreational opportunities. The area is dominated by forests and predominately low density residential acreages. A wide band of mature evergreen trees surround the exterior of the property providing for privacy and separation from the neighbouring properties. The subject property features convenient access, via the Cowichan Lake Highway and the Trans Canada Highway, to a wide variety of services and amenities located in the City of Duncan including a Wal-mart, the Cowichan Community Centre, and Vancouver Island University.

## Legal Description

LOT 1, SECTION 8, RANGE 6, SAHTLAM DISTRICT, PLAN 12309, EXCEPT THOSE PARTS IN PLANS 22890, 23708, 25003 AND 29157

PARCEL IDENTIFIER: 003-851-168



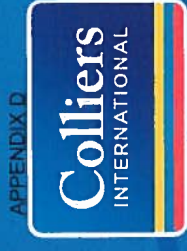
## APPENDIX B



FOR SALE > CHEMAINUS HEAVY INDUSTRIAL PROPERTY

# Industrial Land with Highway Frontage

3425 RIVER ROAD, CHEMAINUS, BC



**INVITATION FOR OFFERS**

**COURT-APPOINTED MONITOR SALE**

**Offers must be submitted to Alvarez & Marsal Canada Inc. by August 30, 2013.**

**All offers will be considered.**



ALVAREZ & MARSAL CANADA INC.  
400 Burrard Street  
Suite 1680, Commerce Place  
Vancouver, BC V6C 3A6  
MAIN: +1 604 638 7440  
FAX: +1 604 638 7441



FOR SALE > CHEMAINUS HEAVY INDUSTRIAL PROPERTY

# Industrial Land with Highway Frontage

3425 RIVER ROAD, CHEMAINUS, BC

APPENDIX D



## Opportunity

3425 River Road is comprised of a single family dwelling and warehouse building with mechanic pit on 7.51 acres of heavy industrial land. The subject property has direct frontage onto the Trans Canada Highway in Chemainus' established industrial/service commercial enclave and features exceptional visibility and access to Vancouver Island's main traffic artery via River Road. Chemainus is approximately 80 km north of Victoria, 17 km north of Duncan, and 35 km south of Nanaimo. Downtown Chemainus is within 3 kilometres of the subject property.

## Legal Description

Plan 31422, Lot 2, Sections 14 & 15, Range 3, Chemainus District

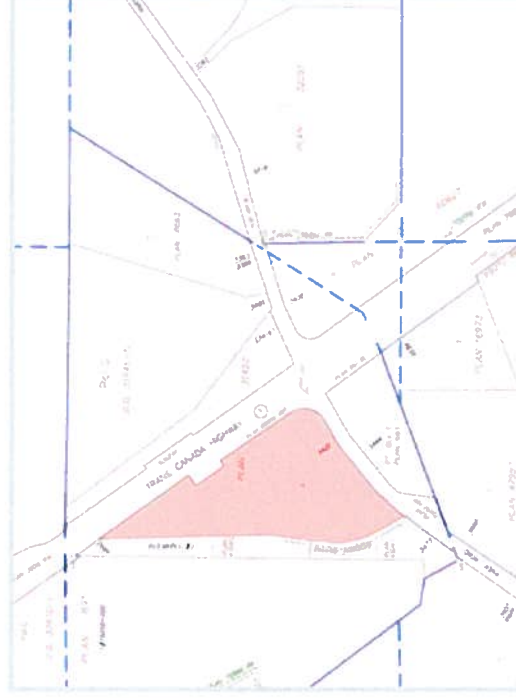
PID #001-160-141

## Zoning

I2 – Heavy Industrial Zone, District of North Cowichan Permitted uses include but are not limited to: auto body repair, commercial cardlock facility, custom workshop, food and beverage processing, fueling installations, industrial use, machine shop, mini warehousing, motor vehicle repair, recycling, lumber and building supply, storage, resource use, service industry, truck depot, warehousing, automobile wrecking or salvage yard, recycling yard, sawmills, pulp mills, slaughterhouse, works yard etc.

## Site Information

According to BC Assessment the site is 7.51 acres. The property is triangular in shape bordered by River Road to the southeast and the Trans Canada Highway to the northeast. The property possesses approximately 1000 feet of frontage onto the Trans Canada Highway and 640 feet on River Road. Furthermore, the site contains a sand point well.



## Purchase Price

**All offers will be considered,**

**AS IS, WHERE IS**

## Contact Us

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## APPENDIX C



FOR SALE &gt; SERVICE COMMERCIAL BUILDING &amp; LAND

# Service Commercial Property

3620 3RD AVENUE, PORT ALBERNI, BC



## INVITATION FOR OFFERS

### COURT-APPOINTED MONITOR SALE

Offers must be submitted to Alvarez & Marsal Canada Inc.  
by August 30, 2013.

All offers will be considered.



ALVAREZ & MARSAL CANADA INC.  
400 Burrard Street  
Suite 1680, Commerce Place  
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## Contact Us

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FOR SALE &gt; SERVICE COMMERCIAL BUILDING &amp; LAND

# Service Commercial Property

3620 3RD AVENUE, PORT ALBERNI, BC



## Opportunity

Colliers is pleased to offer for sale a ±12,000-square-foot service commercial building centrally located along 3rd Street, one of Port Alberni's main commercial arteries connecting downtown to the northern portion of city.

## Location

The property is located on 3rd Avenue at the bottom of Burde Street, directly adjacent to Home Hardware retail store, Big O Tires and peripheral to the downtown core area of the City of Port Alberni. The Property represents an opportunity to purchase land and building, on the major traffic corridor of 3rd Avenue, and in immediate proximity to the industrial and commercial waterfront operations.

The subject property is considered well located in relation to the majority of downtown amenities and is situated in a developed area of retail, industrial, and service commercial uses. Main traffic arteries are nearby and access and exposure are very good.

## Land and Improvements

The subject property comprises a relatively flat, rectangular land parcel. The building is approximately 12,000 SF partially tenanted by Sun Coast Waste Services who occupy 4,000 SF leaving 6,000 SF vacant. Tenant pays \$2,800 per month gross rent.

## Zoning

C3 - Service Commercial (To establish and maintain areas for retail and service operations that are vehicle oriented or require large storage areas.)

Permitted Uses include: Bakeries, Printing Industry, Woodworking, Lumber Wholesalers, Storage & Warehousing, Hardware Stores, Automotive Supply Stores, Motor Vehicle Dealers & Repair Shops, Garden Supply shops, Furniture Stores, Restaurants, Mini Storage, Fitness Centres, Gas Stations and many more.

## Total Building Size

±12,000 SF

## Total Land Area

±19,218 SF or 0.44 acre

## Legal Description

THAT PART OF LOT 1, ALBERNI DISTRICT, SHOWN OUTLINED IN RED ON PLAN 795R (PID: 000-522-546)

THAT PART OF LOT 1, ALBERNI DISTRICT, SHOWN OUTLINED IN RED ON PLAN 721R (PID: 000-522-538)

## Gross Taxes (2013)

\$10,356.44

## Price

**All offers will be considered.**

**AS IS, WHERE IS**